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UNCLAS ROME 005702

SIPDIS

FROM U.S. MISSION IN ROME

SENSITIVE

BAGHDAD FOR AMBASSADORS RAPHEL, KENNEDY, AND JLA PENN  
USUN FOR AMBASSADOR NEGROPONTE AND MLUTZ  
STATE FOR PRM A/S DEWEY, PRM/ANE/EUR/SE, IO A/S HOLMES,  
EUR/NE, EUR/WE, SA/PAB, IO/EDA SKOTOK  
USDA/FAS FOR U/S PENN, ETERPSTRA, MCHAMBLISS, RTILSWORTH AND  
LSCHATZ  
USAID FOR AA/DCHA WINTER, AA/ANE, DCHA/OFDA, D/DCHA/FFP  
LANDIS  
JOINT STAFF FOR JE/J4/J5  
NSC FOR EABRAMS, SMCCORMICK, STAHIR-KHEDI AND JDWORKEN  
GENEVA FOR RMA LYNCH AND USAID NKYLOH  
BRUSSELS FOR USAID PLERNER

E.O. 12958: N/A

TAGS: [AORC](#) [EAID](#) [EAGR](#) [PREF](#) [FAO](#) [WFP](#) [WFPO](#) [UN](#) [EUN](#)

SUBJECT: Iraq food procurement issues - US Mission/Rome  
meeting with WFP Deputy Executive Director (Operations) Jean-  
Jacques Graisse on December 22, 2003

REF: (A) CPA Administrator Bremer letter to WFP dated 12/20,  
(B) WFP Executive Director Morris letter to CPA  
Administrator Bremer dated 12/19/03

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Summary

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[1](#)1. (SBU) US Mission/Rome met with WFP Deputy Executive  
Director (Operations) Jean-Jacques Graisse on December 22,  
2003 to discuss Iraq food procurement next steps in light of  
concerns detailed in refs A and B. Graisse, having just  
returned from discussions at UN Headquarters NY, highlighted  
UN Treasury procedural "glitches" that require vigorous  
focus. End summary.

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Background

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[1](#)2. (U) US Mission Humanitarian Attache Tim Lavelle,  
Agricultural Counselor Geoff Wiggin, and USAID Project  
Officer Phil Lamade met with WFP Deputy Executive Director  
(Operations) Jean-Jacques Graisse on December 22, 2003 to  
discuss Iraq food procurement next steps in light of  
concerns detailed in WFP Executive Director Morris' letter  
to CPA Administrator Bremer dated December 19 (ref B) and  
CPA Administrator Bremer's response to WFP (ref A) dated  
December 20.

[1](#)3. (SBU) Graisse, having just returned from meetings at UN  
Headquarters New York on December 18-19, recounted that,  
despite whatever prior assurances given to the US Permanent  
Mission in NY, there are still problems in prompting  
efficient and quick action on amendments of letters of  
credit both by UN Treasury and Banque National de Paris (BNP  
Paribas). As WFP proceeds to renegotiate terms of SCR 1483  
food procurement contracts from CF (Commodity plus Freight)  
to FOB (free-on-board) with suppliers willing to do so, the  
existing letters of credit have to be amended by UN Treasury  
and expeditiously processed through BNP Paribas. Graisse  
commented that WFP still needs to "extract" agreement from  
the UN Treasury on the format for Letter of Credit L/C  
amendment requests that WFP submits.

[1](#)4. (SBU) Unless immediate attention is given to this,  
Graisse opined that delays (perhaps as long as one month)  
could occur before BNP Paribas released amended letters of  
credit. Graisse concluded "this would push us well into 2004  
and could engender pipeline problems."

[1](#)5. (U) Graisse met with U/S Management Catherine Bertini and  
apprized her of these procedural "glitches." Bertini  
informed Graisse that she would ask Jesse Mabutas, former  
WFP head of Administration and Management, and now on her  
staff, to focus on the problem.

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CPA Funding for buffer food stocks

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[1](#)6. (SBU) Graisse reiterated that WFP would need to receive

from CPA the funds necessary to effect the renegotiated contract terms, i.e. cost of ocean transport as well as land U.S. MISSION IN ROME

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transport to the hubs in Iraq before it could conclude negotiations with appropriate suppliers, but remarked that "WFP did not yet have a clear and precise indication of the modality which would make this exercise possible and fruitful."

17. (SBU) He also related that WFP would start with the immediate procurement of some 15 days of buffer stock commodities with the first tranche of U.S. dollars (USD) 110 million as soon as the tripartite Memorandum of Understanding (Iraqi Ministry of Trade, CPA and WFP) is signed and funds received. Note. Greater transparency in WFP's tendering process related to the procurement of the proposed three-month food buffer stock will be described septel. End note.

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Comment  
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18. (SBU) Clearly UN Treasury needs to focus on expediting the L/C amendments by standardizing formats and issuing swift instructions to its banker BNP. And WFP's reminder that it will need adequate cash up front from CPA to pay ocean freight as well as land transport to hubs in Iraq appears reasonable. Hall

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